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ABSTRACT

The present scope and operation of New York State's financial aid programs are described, and improvements aimed at the enlargement of educational opportunity are recommended. The state's student financial aid programs (loans and grants) for 1980-81 totaled $1,139.2 million, of which $247.2 million was for the Tuition Assistance Program (TAP), $874.2 million was for loans, and $17.8 million was expended for other grant and scholarship programs. Of all state-administered student aid programs, the Guaranteed Student Loan Program showed the greatest increase in activity. The average TAP award for undergraduates increased by an estimated 5.9 percent between 1979-80 and 1980-81 ($803 to $850). For graduate students, the estimated average TAP awards for all sectors increased slightly, from $382 to $389. The Supplemental Tuition Assistance Program is a new program to provide additional aid to undergraduate students who are educationally disadvantaged, carrying a remedial workload, and are unable to meet academic progress requirements. Commencing in 1981-82, the state will reimburse independent colleges and universities for their share of expenditures under the Federal College Work-Study Program. Changes in the Federal Guaranteed Student Loan Program, revision to program pursuit and satisfactory academic program regulations, and new awards for children of persons who die in police or fire duty are outlined. The scope of state-administered and federal student aid programs is reviewed, along with the relationship of programs at the two levels of government. Trends in awards and payments in the TAP are also reviewed. Recommendations regarding TAP awards and a Regents Fellowship Program for first-time doctoral students are offered. (SW)

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A REPORT BY THE BOARD OF REGENTS TO THE GOVERNOR AND LEGISLATURE ON STATE STUDENT FINANCIAL AID PROGRAMS

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Albany, New York 12234
December 1981

HE 014 976

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Assistant Commissioner for Postsecondary Policy Analysis
George D. Sussman

Section 603 of the Education Law
(As amended by Chapter 942, Laws of 1974)

Section 603. Evaluation of the board of regents. On or before January first, nineteen hundred seventy-six, and annually thereafter on or before December first, the board of regents shall make a report to the Governor and the temporary president of the senate, the speaker of the assembly, the senate finance committee, the assembly ways and means committee and the standing committees of the legislature having jurisdiction of higher education evaluating all financial assistance and loan programs established by this article, which report shall contain such recommendations as the regents may deem appropriate.

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THE UNIVERSITY OF THE STATE OF NEW YORK
THE STATE EDUCATION DEPARTMENT
OFFICE OF THE PRESIDENT OF THE UNIVERSITY
AND COMMISSIONER OF EDUCATION
ALBANY, NEW YORK 12234

November 20, 1981

To the Governor and the Legislature:

Student financial aid programs constitute an integral part of the financing of postsecondary education. Federal and State governments, institutions and other private sources are currently providing over $15 billion dollars in various assistance programs which are highly instrumental in furthering educational opportunity. New York State has been prominent in establishing scholarship, grant and student loan programs to aid students in the pursuit of postsecondary education. Financial barriers have been lowered to make maximum educational opportunity a reality.

The current State program of financial assistance is extensive, the largest of all state programs. It embraces a wide system of low tuition public colleges, scholarships for able high school graduates, professional and graduate students, tuition assistance grants for use at public and independent colleges, and guaranteed loans for postsecondary students.

The present scholarship and tuition assistance grants are based on legislation of 1974 as amended in subsequent years. The legislation of 1974 established the New York Higher Education Services Corporation to centralize the administration of State financial aid programs of scholarships, grants and loans and to coordinate such programs with those of other levels of government, particularly the Federal government. Under the law, the Higher Education Services Corporation is responsible for the issuance of award and loan payments and the Education Department retains the responsibility for selection of winners in seven programs of scholarships or academic performance awards. The law, under Section 602, provides that the Commissioner shall establish regulations governing student eligibility for student award and loan programs in the following areas:

1. Full-time and part-time attendance
2. Summer study
3. Permissible use of general and academic performance awards
4. Matriculation
5. Academic standing.

Section 607 of the law also provides that the Commissioner shall establish regulations governing institutional disclosure of information for students. Such information includes:

1. Financial aid programs
2. Educational costs
3. Refund policies
4. Instructional programs.

The Commissioner's Regulations have been revised periodically to improve the quality and administration of the programs as well as to reflect legislative changes.

Over the years, the Board of Regents has reviewed the State's student financial assistance programs and made recommendations for significant changes. Many of these recommendations formed the basis for legislative changes.

The Regents continue to review and evaluate the State's student financial aid programs. Accordingly, this report contains not only a description of the present scope and operation of the State's financial aid programs but also recommends improvements aimed at the enlargement of educational opportunity.

Gordon M. Ambach
President of The University and
Commissioner of Education

Section

I

Recent Developments in the State's Student Aid Programs

1. The State's student financial aid programs (loans and grants) for 1980-81 totaled $1,139.2 million, of which $247.2 million was for the Tuition Assistance Program (TAP), $874.2 million was for loans and $17.8 million was expended for other grant and scholarship programs. Undergraduate and graduate students received approximately 379,200 scholarship and grant awards. Approximately 413,300 student loans were approved in 1980-81.

2. Of all State-administered student aid programs, the Guaranteed Student Loan Program showed the greatest increase in activity. The number of borrowers increased from 325,000 in 1979-80 to 413,300 in 1980-81, an increase of 27.2 percent. For the same period, the total amount of loans increased from $662.8 million to $874.2 million, an increase of 31.9 percent.

3. Tuition assistance payments (TAP) increased from $248.1 million in 1979-80 to $253.8 million in 1980-81; the increase resulted mainly from the final phasing-in of increased award levels established in 1978.

4. The estimated number of undergraduate TAP recipients in 1980-81 decreased by 3.3 percent from 1979-80. Decreases occurred in all sectors and levels except at State University community colleges and at the "Other" school sector which is comprised of hospital schools, degree-granting proprietary institutions, and registered nondegree business schools with curricula of two years' duration. The largest decrease in recipients occured in the City University (11.0 percent). The State University had an overall decrease of 1.4 percent although recipients at community colleges increased by 4.0 percent. Recipients at independent colleges declined by 1.8 percent. At the graduate level, there was an overall decrease of 9.9 percent in recipients and decreases in all sectors.

5. The average TAP award for undergraduates increased by an estimated 5.9 percent between 1979-80 and 1980-81, ($803 to $850). Average awards increased in all sectors at the undergraduate level except at City University community colleges. For graduate students, the estimated average TAP awards for all sectors increased slightly, from $382 to $389.

As a result of 1981 legislative action, the State student aid programs were amended in the following ways:

1. TAP

TAP has been expanded through changes in the award scale for undergraduates, as follows:

a. First-time recipients in 1981-82

- The maximum award is increased from $1,800 to $2,200, or tuition, whichever is less.

- The new maximum is applicable for those students whose family net taxable income is $4,000 or less.

- Awards at other levels of income are increased. Eligibility is extended from a family income limit of $20,000 to $25,000.

- The minimum award is $250 instead of $200.

The new award scale will be phased-in with each additional year of first-time recipients.

b. Other undergraduate students

- The maximum award remains at $1,800, or tuition, whichever is less, for students whose family net taxable income is $2,750 or less.

- Eligibility is extended from a family income limit of $20,000 to $25,000.

- The minimum award is $250 instead of $200.

Illustrations of the award scales are provided in Section III. The cost for the enhancement of TAP in 1981-82 is approximately $27 million. A preliminary estimate indicates that approximately 59 percent of the increased aid will go to students in the independent sector in 1981-82. It is estimated that when fully implemented, the annual additional cost will be $57 million.

The improvements in the TAP award scale and the extension of the income ceiling beyond $20,000 net taxable income are in keeping with legislative recommendations of the Regents in recent years.

c. Supplemental Tuition Assistance Program (STAP)

This is a new program to provide additional aid to undergraduate students who are educationally disadvantaged, carrying a remedial workload, and are unable to meet the requirements of the Commissioner's Regulation on program pursuit and satisfactory academic progress as it appplies to State awards. STAP awards are available to those students receiving State awards for the first time in 1981-82, or thereafter. The STAP award has a duration of one year and is calculated on the same basis as a TAP award. Under this program, a student could receive up to two additional semesters of aid payments.

2. College Work-Study

Commencing in 1981-82, the State will reimburse independent colleges and universities for their share of expenditures under the Federal College Work-Study Program. State funding will be phased-in over a three-year period and will amount to $2.6 million for 1981-82. Participating institutions must match State funds on a dollar for dollar basis with additional financial aid to needy students. The standard for determination of needy students, as provided in the Commissioner's Regulations, is that which the institutions use for purposes of the campus-based Federal student aid programs. When fully implemented, and at current College Work-Study funding levels, the annual cost to the State would be about $7 million.

The measure establishing this new program was based substantially on a Regents legislative proposal.

3. Student Loan Programs

In 1981, Congress enacted a number of important changes in the Federal Guaranteed Student Loan Program, including a financial needs test and an origination fee. In addition, Congress modified the provisions of the Parental Loan Program for Undergraduate Students (PLUS), enacted in 1980, and established a new program for independent undergraduate students and graduate students, Auxiliary Loans to Assist Students (ALAS). The Higher Education Services Corporation has modified its regulations to conform to the new GSLP and ALAS provisions. Further details about the changes and the new programs are provided in Section IV.

The Legislature approved legislation authorizing the Corporation to operate PLUS. In addition, the Legislature amended the law governing the State-funded Supplemental Loan Program for Health Profession Students. The ceiling on special allowances to lenders has been increased from five to 10 percent for loans disbursed on or after July 1, 1981. Further information on the State-funded loan programs is in Section III.

4. Revised Commissioner's Regulation on program pursuit and satisfactory academic progress.

The 1981 legislation, which provided for changes in TAP and created STAP, also affected the Commissioner's Regulation on program pursuit and satisfactory academic progress applicable to State awards, such as TAP. This regulation, which was adopted by the Regents in 1980 to be effective in September 1981, requires institutions to establish certain standards on pursuit of course work and academic progress. The 1981 statute provides that this regulation shall apply only to students receiving their first State award in 1981-82 or thereafter. Other students, who received State awards prior to 1981-82, are governed by earlier requirements on attendance and good academic standing. In July 1981, the Regents amended the Commissioner's Regulations to comply with the 1981 statute.

5. Regents Awards for Children of Deceased Police Officers and Firefighters.

A new program of awards has been established for children of such persons who die as a result of injury sustained in the line of duty. The awards are at the undergraduate level, carry annual amounts of $450 and may be held concurrently with other State awards. The program becomes effective in 1982-83.

6. Regents Physician Shortage Scholarship Reimbursement Provisions

The reimbursement provisions of the Regents Physician Shortage Scholarship Program have been revised. Commencing in 1982-83, new award recipients who do not serve in designated shortage areas of physicians shall reimburse the State, within one year, twice the sum of the awards plus interest factored by the proportion of time not served. Recipients of awards prior to 1982-83 are subject to original reimbursement provisions which are based on a ratio of unserved time in a shortage area to the aggregate of awards.

Section

II

Recommendations of the Regents

Over the past two decades the expansion of State-administered student financial aid programs has fostered student access and choice. This growth accompanied increases in enrollments, programs of study and student costs.

In recent years, the Regents have recommended changes in income schedules for the Tuition Assistance Program. The 1981 Legislature enacted significant improvements in the undergraduate award schedules, as described in Sections I and III, which are consistent with the recommendations. These changes were initiated in 1981-82 and provide substantially higher awards for many first-time award recipients.

There are, however, several other areas where further improvements are needed in the immediate future. The following recommendations of the Regents are aimed at enhancing the effectiveness of State student financial assistance.

Recommendations

1. Elimination of $200 reduction in TAP awards for upper-division students.

   The $200 reduction in TAP awards for undergraduate students who have received four semesters of award payments should be eliminated. When the reduction provision was established in 1974, it was assumed that upper-division undergraduate students could make larger contributions to their educational costs through higher earnings from part-time employment and increased borrowing. However, the effects of inflation on college costs have negated self-help contributions.

2. Extension of eligibility for TAP awards to part-time undergraduates.

   In order to maintain the present highly educated pool of manpower in New York State, the Regents believe that barriers to access to higher education must be minimized for persons who must study on a part-time basis. The extension of eligibility for TAP to part-time undergraduates would help minimize fiscal barriers for persons seeking career advancement or retraining for new careers. It would also assist persons--primarily women--with family responsibilities that prevent full-time study, but who are seeking to develop employment skills. The major Federal student aid programs provide some assistance to part-time students. In New York, in 1980, there were over 243,000 part-time undergraduates. Extension of TAP to this group would reduce a major barrier, tuition costs. Only students enrolled for not less than six nor more than eleven semester hours a semester would be eligible for awards. In recognition of fiscal considerations, eligibility would be phased-in. In 1982-83, only students who had already earned 90 semester hours in a four-year program, or 45 semester hours in a two-year program would be eligible. In 1983-84, only students who had

already earned 60 semester hours in a four-year program or 30 semester hours in a two-year program would be eligible. In 1984-85 and thereafter, students who had already earned 30 semester hours in a four-year program, or 15 semester hours in a two-year program would be eligible for awards. Part-time students, under this proposal, would receive awards at one-half the value of awards for full-time students at equivalent income levels, or tuition, whichever is less.

3. A comprehensive program of graduate student aid.

A Regents Fellowship Program should be established that would provide 800 awards annually to first-time doctoral students who are residents of New York State and who attend a registered doctoral program at a New York State institution as full-time students. Awards should be made for tuition and stipends for living expenses. The tuition portion of the award would be $3,500 or tuition, whichever is less. The stipend for living expenses would be $3,000 per year. Not less than 50 of the fellowships would be awarded to students in programs designated to prepare students for careers in political science, international affairs, and public administration. Such fellowships would be known as the Lehman Fellowships. Another 75 fellowships would be awarded to students in programs of mathematics, science and engineering. The remaining 675 fellowships would be intended for use in doctoral programs designed to prepare the holders to conduct original research in fields of knowledge beneficial to the economic well-being of New York State.

The fellowship program is designed to assure a continuing source of talented young people who can best contribute to the advancement of the frontiers of knowledge and thus to support the economic needs of the State. In spite of the possible oversupply of Ph.D.'s in many fields, persons with strong training and capable of creative contributions to society are and will continue to be in great demand. Research is the basis of both higher education and industrial development.

The number of fellowships available from New York State has dwindled in recent years. By 1971, approximately 800 new fellowships were authorized through Regents fellowship programs. All of these programs were terminated in 1972; the Lehman Fellowship program was re-instated, on a limited basis, through annual budget appropriations. It is time for the State once again to make an investment in a fellowship program. The program is designed to enhance New York's ability to attract and retain industry that depends on a continuing supply of highly educated researchers. The Regents have also proposed to the Federal government a program of matching aid to institutions enrolling State fellowship holders.

The recommendations for improving and expanding the State's student aid programs are addressed to needed changes in the near future. They will be presented as legislative proposals for consideration by the Legislature in 1982. Estimated costs will be included with the proposals.

* * * * * *

Developments in 1981 in student financial aid programs, especially at the Federal level, indicate that uncertrain conditions may exist for the next few years. Restrictions in the Guaranteed Student Loan and Pell Grants Programs have been enacted for 1981-82 and further restrictions in these and other programs may occur. The full impact of changes in the Pell Grant Program for 1981-82 will not be determined until the close of the year. The full impact of changes in the GSLP will probably not be apparent until 1982-83 as the bulk of borrowers for 1981-82 secured their loans before October 1, 1981, when limitations on eligibility became effective. It appears quite unlikely that states will be able to increase their support of aid programs so as to fully offset Federal reductions. Although enrollments are expected to drop markedly in the 1980's, the costs of education are likely to continue to climb.

The 1980 Statewide Plan for the Development of Postsecondary Education proposes that by 1984 the State adopt revised policies for student aid and special support for the economically and educationally disadvantaged. Although the Federal and State programs have certainly promoted student access and choice, they are characterized by differences in program, administration and by a lack of coordination. While the outlook for the Federal programs is now uncertain, it is essential that the State review major programs (Federal and State) so as to assess goals for its programs, determine how existing programs at governmental and institutional levels operate and identify alternative ways in which State programs can meet the needs of their constituencies. There is further discussion of this topic in Section VI of this report.

The magnitude of the major State and Federal student aid programs shown in the following table emphasizes the need for maximum coordination of programs and clear goals.

Table 1

State and Federal Student Aid Expenditures
in New York State
Major Programs, 1980-81

Program	Amount (estimated in millions)	Percent
State		
Tuition Assistance Program	$ 247.2	15.8
Regents Scholarships	17.8	1.1
State Supplemental Loans	41.0	2.6
Total	306.0	19.5
Federal		
Pell	312.0	19.9
Supplemental Educational Opportunity Grants	30.0	1.9
State Student Incentive Grants[1]	6.6	.4
Guaranteed Student Loans[2]	833.2	53.2
National Direct Student Loans[3]	26.3	1.7
College Work Study[4]	52.3	3.4
Total	1,260.4	80.5
Grand Total	1,566.4	100.0

[1] This Program supplemented the State expenditure of $247.2 for the Tuition Assistance Program.

[2] The amount represents the loan capital, money made available by private lenders as a result of government guarantees and subsidies.

[3] The amount represents Federal capital only. Institutions have additional loan capital consisting of institutional matching funds, repayments of previous loans and cash on hand.

[4] The amount represents only the Federal contribution. Institutions provide at least a minimum contribution of 20 percent from the institution and, in some cases, off-campus, non-profit employers.

Section

III

The Scope of State-Administered Student Aid Programs

New York State provides an extensive program of financial assistance aimed for the improvement of college-going opportunity. This array of aid encompasses scholarships based on merit, noncompetitive tuition grants scaled on family income and tuition costs, and student loans. Basically, the State-administered programs are comprised of Regents scholarships and TAP awards, which are funded by State appropriations, and guaranteed student loan programs for which loan capital is derived from private lending agencies. The terms and conditions governing these programs are carried in Articles 13 and 14 of the Education Law. The Higher Education Services Corporation is responsible for the administration of the programs.

The State's financial assistance programs began in 1913 with the establishment of the Regents College Scholarship Program for outstanding high school seniors. Scholarship awards were based then, as now, on competitive examinations. Over the years, both the numbers and the amounts of awards increased. In addition, other special scholarship and award programs were established for both undergraduate and graduate study. The State Education Department is responsible for the selection of winners in the competitive programs and the payments are administered by the Higher Education Services Corporation.

In 1961, the Legislature established the Scholar Incentive award program, a noncompetitive grant program for full-time undergraduate and graduate students. The first awards were made in 1962. Within a few years, the size of the Scholar Incentive award program, in terms of numbers of students and annual expenditures, far exceeded the size of the competitive programs. In 1974, the Legislature established the Tuition Assistance Program (TAP). Under this program, New York State residents engage in full-time study and, meeting other eligibility requirements, receive noncompetitive grants to help meet tuition costs. The Tuition Assistance Program replaced the Scholar Incentive Program (which had maximum annual awards of $600) with a more liberal scale of awards providing a maximum annual value of $1,500, not to exceed tuition, for undergraduates. The maximum TAP award for graduate students is $600. The $1,500 maximum was raised to $1,800 in 1978 for first-time recipients retroactive to 1977-78 and to $2,200 for first-time recipients in 1981-82.

The Higher Education Services Corporation also administers the Federal Guaranteed Student Loan Program. While the program is State-administered, it is governed by Federal statute and regulations. The Corporation guarantees loans made by the financial institutions, and the Federal government pays the interest of 9 percent while the student is enrolled, provides special allowances to the lending institutions and subsidizes certain administrative costs of the Corporation. During the repayment period after termination of study, the student repays the principal amount plus 9 percent simple interest. Dependent students attending New York postsecondary institutions may receive loans up to $2,500 a year for meeting costs of approved undergraduate and vocational programs, not to exceed an aggregate of $12,500. Graduate and professional students may borrow up to $5,000 a year subject to a limit of $25,000 for combined undergraduate and graduate study.

The Corporation also administers a State-supported loan program for students in those vocational schools that are approved by the Board of Regents, but are not eligible to participate in the Federal Guaranteed Student Loan Program because they are not accredited by national vocational school accreditation associations. As of July 1, 1981, no new loans were permitted under this program as 1979 legislation established a two-year period to meet GSLP eligibility requirements. The State also supports the Supplemental Loan Program for Health Professions Students. This program provides for additional loan limits of $2,500 per year for students in medicine, dentistry, veterinary medicine, podiatry, optometry and pharmacy in order to meet the high costs of health professions education.

There are numerous other programs which provide financial assistance to students which are not covered by Articles 13 and 14 of the Education Law. These include tuition waiver programs at the State and City Universities, the State University Supplemental Tuition Awards Program, special State-funded opportunity programs for disadvantaged students in the independent and public colleges, and institutionally funded student assistance programs. All of these programs are administered by institutions and are not covered in this report. In addition to various student aid programs, the State provides assistance, through two programs, to residents of the State who have full-time dependents in postsecondary education. The Tuition Deduction Plan permits the taxpayer to deduct, for State income tax purposes, the lesser of one-half of tuition paid for a dependent in an institution within the State (less any TAP awards) or $1,000. A second program, the Parent's and Student's Savings Plan (PASS) permits the taxpayer to deduct amounts (up to $750 annually for each dependent) paid to a trust account and to defer payment of tax on the earnings in the fund.

Status of Scholarship, Grant and Loan Programs

The following table shows the types of student aid and numbers of new scholarship and grant awards in 1980-81 as well as the total number of student loans.

A. Types of Aid and Numbers of Awards

Table 2

	Number of New Awards 1980-81	Amount of Annual Award	Term of Award (In Years)
Noncompetitive Awards			
Tuition Assistance Program Awards[1]	290,681	$ 100-1800	4 to 8
Child-of-Veteran Awards[1]	2,160	450	4 or 5[3]
	292,841		
Scholarships for High School Seniors			
Regents College Scholarships	25,600	250	4 or 5[3]
Basic Nursing Scholarships	800	250	4 or 5[3]
Cornell University Scholarships	60	100-1000[2]	4
	26,460		
Other Scholarships and Fellowships			
Medical-Dental Scholarships	130	350-4000	4
Lehman Fellowships	30	4000-5000	4
Optometry Scholarships	5	350-1000	4
Veterinary Scholarships	10		
	175		
The student loan program, 1980-81[1]	413,304	2,500-5,000	

[1] Data reported in Higher Education Services Corporation, 1982-83 preliminary budget request.

[2] Awards are administered and funded by Cornell University and provide for tuition reduction.

[3] Awards may be held for five years if the academic program requires more than four years for completion.

B. Total Annual Financial Assistance to College Students

The student financial aid programs of New York State totaled approximately $1.15 billion in 1980-81. During that year, they provided about 379,200 scholarship and grant awards. Over 413,000 student loans were approved in 1980-81. The total expenditures of $1.15 billion represent an increase of about 23 percent over the total outlay of $929.1 million in 1979-80. The TAP and Regents Scholarship program expenditures increased from $266.3 million in 1979-80 to $271.3 million in 1980-81. The static level of expenditures is attributed primarily to the final phasing-in of the higher TAP schedule for undergraduates, initiated in 1978-79, with a maximum undergraduate TAP award of $1,800 for first-time recipients (effected retroactively to 1977-78) balanced by a decline in recipients. The maximum for other undergraduate recipients was $1,500. Student loans increased from $662.8 million in 1979-80 to $874.2 million in 1980-81, an increase of 32 percent. This dramatic increase, which accounts for most of the increase in State-administered programs, is due to expanded numbers of borrowers (a family income limitation was removed by the Federal Middle Income Student Assistance Act of 1978) as well as increased participation by lending institutions and increased demand for loans to meet increasing college costs. As explained in Section IV, a number of changes in the Guaranteed Student Loan Program in 1981 will probably reduce the levels of participation and the total amounts of loans after 1981-82.

Table 3
Payments and Aid Recipients
1979-80 and 1980-81

	Students		Amount (in millions)		Percent Change in Amount
	1979-80	1980-81	1979-80	1980-81	
Tuition Assistance Program Awards[1]	318,488	307,205	$248.1	$ 253.8[2]	+ 2.3
Regents Scholarships, Fellowships[3] and Child of Veteran Awards	72,855	72,034	18.2	17.8	- 2.2
Student Loans[3]	324,805	413,304	662.8	874.2	+31.9
Total	716,148[4]	792,943	$929.1	$ 1,145.8	+23.3

[1]Data reported in Higher Education Services Corporation preliminary budget request for 1982-83.

[2]The total for 1980-81 TAP awards includes $6.6 million from the Federal State Student Incentive Program.

[3]Data reported in Higher Education Services Corporation Annual Report for 1980-81 (draft)

[4]Total contains duplicated numbers of recipients (students who are receiving assis tance from more than one program).

Determination of the Student's Award on the Basis of Tuition Cost and Financial Ability

The minimum and maximum awards for the scholarship and grant programs are established by legislation. Within this range, the award is determined by the tuition cost of the college attended by the student and by the family net taxable income. (Lehman Fellowships and Child of Veteran Awards are not limited by tuition charges or family income and Regents Physician Shortage Scholarships are not limited by tuition charges.)

These limitations are illustrated for the largest award program, the Tuition Assistance Program. That program presently operates with five schedules of awards. Schedule X applies to first-time undergraduate recipients in 1981-82. Under this schedule the maximum award is $2,200, or tuition, whichever is less. Schedule X will be phased-in annually for each class of first-time recipients. Schedule B applies to graduate and professional students who are either financially dependent, financially independent and married, financially independent and single with dependents. Schedule C is available to undergraduate students who are either financially dependent, or financially independent and married, or financially independent and single with dependents. The $1,800 maximum, or tuition, whichever is less, under Schedule C is applicable to those undergraduates who have received TAP awards prior to 1981-82. Legislation in 1981, which establishes the new award scale under Schedule X, amended Schedule C to provide that the minimum award would be $250, instead of $200. In addition, the family net taxable income limit is extended from $20,000 to $25,000. These two provisions are matched in Schedule X.

Table 4
Illustrative Tuition Assistance Program (TAP) Annual Awards
Schedule X
1981-82

Net Taxable Balance*	Independent College Tuition = $2,200 or more	SUNY Tuition = $1,075	CUNY Tuition = $925
$0- 4,000	$2,200	$1,075	925
6,000	2,060	935	785
9,000	1,840	715	565
12,000	1,570	445	295
15,000	1,270	250	250
20,000	820	250	250
25,000	250	250	250

*Net taxable balance is the gross income less all allowable exemptions and deductions for State income tax purposes. For the typical two-child family, a net taxable balance of $4,000, for example, is approximately comparable to a gross income of about $8,900 with standard tax deductions.

Table 5
Illustrative Tuition Assistance Program (TAP) Annual Awards
Schedules B and C
1981-82

Net Taxable Balance	Independent College		SUNY		CUNY	
	Schedule B	Schedule C	Schedule B	Schedule C	Schedule B	Schedule C
$ 2,000	$600	$1,800	$600	$1,075	$600	$925
2,750	550	1,800	550	1,075	550	925
6,000	333	1,595	333	870	333	720
9,000	133	1,375	133	650	133	500
12,000	100	1,115	100	390	100	250
15,000	100	795	100	250	100	250
20,000	100	250	100	250	100	250
25,000	0	250	0	250	0	250

Adjustments in the net taxable balance are provided, under Schedules C, X and B, where more than one family member is in full-time study at an approved postsecondary institution. Under Schedules C and X, $3,000 is deducted from the new taxable balance for the first additional member and $2,000 for each additional member. Under Schedule B, the net taxable balance is divided by the number of family members in full-time attendance.

After a student has received two full years of payments, remaining TAP payments under Schedules C and X are reduced by $200 per year, except that no student shall receive less than $250 per year if the family net taxable balance is $25,000 or less.

Two additional schedules were established for single, financially independent students without dependents by the 1977 Legislature. Schedule D applies to graduate students and Schedule E applies to undergraduate students.

Table 6
Illustrative Tuition Assistance Program (TAP)
Annual Awards for Single, Financially Independent Students
1981-82

Net Taxable Balance	Independent College		SUNY		CUNY	
	Schedule D	Schedule E	Schedule D	Schedule E	Schedule D	Schedule E
$ 0- 1,000	$600	$1,800	$600	$1,075	$600	$925
2,000	350	1,500	350	775	350	625
3,000	100	1,300	100	475	100	325
5,000	100	600	100	200	100	200
5,677 & over	0	0	0	0	0	0

Section

IV

The Scope of Other Federal Student Aid Programs in New York

Students in the State's postsecondary institutions also participate in various Federal need-based student aid programs in addition to the Guaranteed Student Loan program previously described. There are four major programs, three of which are administered by the colleges. The college administered programs are the National Direct Student Loan Program (NDSL), the College Work Study Program (CWS), and the Supplemental Educational Opportunity Grant Program (SEOG). The colleges receive annual allocations of funds, based on reviews of their requests and Federal allocation formulas, and distribute the funds on the basis of need. There is also a national entitlement program for undergraduates, the Pell Grants, formerly known as the Basic Educational Opportunity Grant Program (BEOG). In this program, the student applies, typically through the application used for the campus-based programs, to an agency under Federal contract which issues award certificates to eligible students. The students decide where they will use their awards, and the award certificates are then the basis for credit or cash towards educational expenses. The campus financial aid officer is responsible for "packaging" or combining various Federal, State, and institutional awards so they may meet, but not exceed, the student's financial need.

Postsecondary Student Assistance Amendments of 1981

The various Federal student aid programs were subject to Congressional reauthorization in 1980. After over a year of debate and passage of several separate measures in each house, Congress passed a compromise measure, the Higher Education Amendments of 1980, in September 1980 and President Carter subsequently approved the measure. In summary, these amendments increased the loan limitations of the GSL and NDSL Programs, and increased the interest rates on new loans under these programs, respectively, from 7 to 9 percent and 3 to 4 percent. In addition, the Amendments authorized increases in the Pell Grant awards, commencing in 1981-82 and raised the maximum award under the Supplemental Educational Opportunity Grant Program from $1,500 to $2,000.

In response to President Reagan's requests for reductions in Federal spending for education and other programs, Congress enacted the Postsecondary Student Assistance Amendments of 1981, during the summer of 1981. The effect of these amendments is to limit or reduce the expansion of programs which were provided for under the Higher Education Amendments of 1980.

Important program changes, initiated by the 1981 amendments, include the following:

1. Student Loan Programs

A. Guaranteed Student Loan Program

- Limitation of eligibility

Effective October 1, 1981 a $30,000 adjusted gross family income limit applies. Students from families with income above this limit may qualify for loans only if financial need is demonstrated through an analysis by the college or school. The loan amount will reflect the amount of need except that when there is a need between $500 and $1,000, the student will be eligible for a loan of $1,000. Student Social Security and veterans' educational benefits enter into the calculation of loan amounts. Interest subsidies and special allowances to lenders are continued. Higher loan eligibility ($3,000 per year) for independent undergraduate students was eliminated. All undergraduate students are limited to $2,500 per year and an aggregate of $12,500.

- Origination fee

Effective August 23, 1981 borrowers are charged a 5 percent fee by the lender against the amount of the loan. Special allowance payments to lenders are reduced by the amounts of fees.

- Annual repayment

The minimum annual repayment has been increased from $360 to $600 for loans disbursed on or after October 1, 1981.

B. Parental Loans for Undergraduate Students (PLUS)

The Higher Education Amendments of 1980 established this program for parents of dependent undergraduates. (Parents may borrow up to $3,000 per year with repayment commencing 60 days after the loan is made). The new legislation raised the non-subsidized interest rate from 9 to 14 percent but it may drop to 12 percent if the 90-day Treasury Bill rate is less than 14 percent for one year. State legislation, enacted in July, 1981, authorized the Higher Education Services Corporation to guarantee such loans under the Federal program.

C. Auxiliary Loans to Assist Students (ALAS)

- This program provides for additional loans, with an interest rate of 14 percent, to graduate students and to independent undergraduate students as of October 1, 1981. Graduate students may borrow up to $3,000 a year with an aggregate of $15,000. The respective amounts for undergraduates will be $2,500 and $12,500 but these amounts must include any loans received under the regular Guaranteed Student Loan Program.

Students with ALAS loans may defer principal repayment while in full-time study. Interest must be paid or accrued and added to principal while the borrower is in study.

D. National Direct Student Loan Program

- The interest rate has been increased to five percent for loans made after October 1, 1981. Under the Higher Education Amendments of 1980, the interest rate had been increased from three to four percent.

2. Pell Grants (formerly Basic Educational Opportunity Grants)

- The maximum annual award has been lowered from $1,750 in 1980-81 to $1,670 in 1981-82, with a corresponding reduction in the award scale. Award calculations for 1981-82 do not allow for an adjustment for inflation on family living costs in determining need. In previous years, such an adjustment was part of the formula for determining awards.

- Authorization for expenditures are limited to $2.65 billion in 1982, $2.8 billion in 1983 and $3.0 billion in 1984. These are lower limits than those provided under the Higher Education Amendments of 1980.

3. Campus-based programs

- The authorization limits for fiscal years 1982, 1983 and 1984 are $286 million for National Direct Student Loans, $550 million for College Work Study and $370 million for Supplemental Educational Opportunity Grants. These authorizations are lower than those provided under the Higher Education Amendments of 1980.

A discussion of the implications of some of these provisions is included in Section VI.

Distribution of Federal Aid Funds

Table 7 shows distributions of funds under the four major Federal programs for the two most recent years. It should be noted that the totals for each year of the campus-based programs are understated because the full amounts for the NDSL and CWS Programs are not available. For example, the NDSL allocations represent Federal capital contributions. The amounts do not include institutional capital contributions of one-ninth the Federal allocation, nor do they include funds from collections of previous loans or cash on hand. Thus the funds available for loans exceed the amounts listed. The CWS allocations do not include an additional minimum 20 percent capital contribution from institutional or off-campus (non-profit) employers. Some institutions are able to obtain higher proportions of off-campus contributions. The SEOG funds do not require capital contributions. The estimated numbers of recipients under the campus-based programs are also understated because the larger amounts of program funds would permit additional awards.

Table 7
Estimated Distribution of Federal Student Aid Funds in New York
By Program, 1979-80 and 1980-81

Program	1979-80 Amount (in millions)	1979-80 Estimated No. of Recipients	1980-81 Amount (in millions)	1980-81 Estimated No. of Recipients
Pell Grants (Formerly Basic Grants)	$345.9	309,000	$312.0	319,800
Supplemental Educational Opportunity Grants	$ 25.6	42,900	$ 30.0	54,500
National Direct Student Loans	$ 31.6	78,400	$ 26.3	74,800
College Work Study	$ 48.0	86,400	$ 52.3	101,500
Total	$451.1		$420.6	

Data from Bureau of Student Financial Assistance, United States Office of Education. Numbers and amounts under the programs for 1980-81 are based on preliminary estimates Actual disbursements, which are not available, will produce adjustments for the figures in the table. Institutional contributions are not included in the amounts for the National Direct Student Loan and College Work Study Program. Also, National Direct Student Loan figures do not include cash on hand or funds from repayments which are available for relending.

The total amount of $420.6 million for the four programs in 1980-81 represents an overall 6.8 percent decrease from 1979-80. A decrease of about $34 million (9.8 percent) in the Pell Grants Program accounts for much of the change. For 1979-80, the grants under this program were in a range of $200 to $1,800, but for 1980-81 the maximum award was reduced to $1,750 as a result of lower Congressional appropriations. As a result of 1981 legislation, which further reduced the award scale (with a maximum award of $1,670) while increasing the family contribution, Pell grant expenditures will continue to decrease.

The total funding for the three campus-based programs (SEOG, NDSL and CWS) showed an increase of $3.4 million in 1980-81, a gain of 3.2 percent. The changes in the amounts for the campus-based programs reflect variations in the distribution to the State under the Federal allocation formulas, as the appropriation levels for the two-year period were relatively unchanged. (For 1981-82, the amount for NDSL was decreased as the total Federal appropriation was reduced by $100 million). Overall, the relationship of the campus-based funding to the Pell Grants funding changed moderately for the two years; in 1979-80 the campus-based funds equalled 30.4 percent of the Pell Grants and for 1980-81 they equalled about 34.8 percent of the Grants.

The Federal campus-based and Pell Grant programs are not duplicative of TAP awards. The campus-based aid supplements the Pell and TAP awards in meeting all educational costs. The TAP award is limited to tuition and the Pell Grant presently may not exceed one-half of educational costs. While a higher TAP award scale is being phased-in, commencing in 1981-82, the Pell award scale is being lowered as educational costs increase.

The foregoing data on the Federal programs provide a dimension of comparison with the State-administered student aid programs. The combined amount of Federal student aid for the four major programs in 1980-81 was nearly $421 million and represents about 27 percent of the total financial aid available to students in the State from major Federal and State programs.

Unfortunately, there has been a lack of complete data for the Federal programs which would permit an analysis of the combined effects of the Federal and State programs. The degree to which students in institutions in the State participate in Federal and State programs is not fully known, nor is the effectiveness of these programs in meeting educational costs clearly perceived. However, efforts are underway which should provide more information about these areas and there is further discussion on this in Section VI.

Section

V

Trends in Awards and Payments in the Tuition Assistance Program

The 1980-81 academic year marked the final phase-in year of the TAP award scale which was initiated in 1978-79 and made retroactive for first-time recipients in 1977-78. Under that scale, the maximum award is $1,800 or tuition, whichever is less. As reported in Section III, a new and higher undergraduate award scale (with a maximum award of $2,200 or tuition, whichever is less) is being phased-in, commencing in 1981-82. The following comparison of data for 1979-80 and 1980-81 relates to the four award scales in effect in those years.

Numbers of recipients by sector and level

As indicated in Tables 6 and 7, the overall number of TAP recipients decreased by 3.5 percent between 1979-80 and 1980-81 while the overall full-time enrollment increased by 2.4 percent. The decline in numbers of recipients occurred in all undergraduate sectors except at the State University community colleges and in the Other School category, which includes a variety of types of institutions, such as hospital schools, degree-granting proprietary institutions, and registered non-degree business schools with curricula of two years duration. At the same time, enrollments were increasing in all sectors and levels except City University. Within the City University, the shift in enrollments for the two years is attributed primarily to the designation of New York City Technical College and the College of Staten Island as senior colleges in 1980; they were previously classified as community colleges. The reasons for the decreased numbers of recipients are not entirely clear. The Corporation, in its 1982-83 budget request, points to the decline in first-time recipients for the period and also to a decline in the numbers of high school graduates. State Education Department data, however, show that the high school graduate participation rate for first-time, full-time undergraduate study between 1978 and 1980 increased by 4.9 percent.

Despite the general drop in numbers of recipients, the proportions of recipients in the public and non-public colleges remained about the same; more than 60 percent of the undergraduate recipients were in public colleges and a similiar proportion of graduate recipients were in the independent sector.

Utilization rates by sector and level

Utilization rates indicate the proportion of full-time students who are TAP recipients. These rates are shown by sector and level in Table 7. The rates are, of course, affected by a number of factors which control eligibility for awards. These factors include the numbers or proportions of students who are not residents of the State, whose family incomes exceed those prescribed for TAP eligibility or who otherwise do not meet award eligibility requirements.

Table 7 indicates that, consistent with an increase in enrollment and declining numbers of recipients, the utilization rates declined in all sectors and levels except at the City University community colleges. Although two of these colleges were reclassified as senior colleges in 1980, the proportion of recipient actually increased by 15 percent. It appears that increased numbers of recipients at the senior college level, resulting from the reclassification, were offset by overall declining enrollment at that level.

Table 8 shows how the utilization rates are affected by the factor of State residency, one of the eligibility requirements for TAP awards. Comparing the overall 1979-80 rate at the undergraduate level in Tables 7 and 8, the utilization rate is about 7 percent higher (60.2 vs. 52.3) when State residency is considered. Among the undergraduate sectors, the independent colleges show the greatest increase, from 44.7 to 58.7 percent. At the graduate level, the residency factor produces an increase of about 9 percent in the rate. The greatest increase among the graduate sectors occurs at the State University with a change of 9.8 percent.

Commencing in 1981-82, the utilization rates in all undergraduate sectors should increase as a result of the extension of the net taxable income level to $25,000 from 20,000. A larger number of students will be eligible for awards.

Payments by sector and level

Table 9 provides a distribution of TAP awards by sector and level for 1979-80 and 1980-81. The proportions of payments between sectors changed slightly. At the undergraduate level, the public colleges received about 2.7 percent less of the undergraduate payments in 1980-81 than in 1979-80, due to the decline in City University awards. At the graduate level there was no change. Although the numbers of public college recipients at the undergraduate level represent about 62 percent of the total, they receive about 42 percent of the payments to undergraduates. The lower proportion of payments reflects the lower public college tuition charges to which the TAP awards are applied. At the graduate level, where tuition changes in all sectors exceed the $600 maximum TAP award, the proportions of payments are rather close to the proportions of recipients.

Average awards

The changes in average awards between 1979-80 and 1980-81 are shown in Table 10. The overall increase of 5.9 percent in the average undergraduate award was about one half that of the increase between 1978-79 and 1979-80 and reflects the final phasing-in of the higher award scale with $1,800 as a maximum award.

The 3.5 percent decrease in the average award at City University community colleges may have resulted from general changes in family income level as well as the reclassification of two of the colleges in 1980 as senior colleges. The increase in the average award at State University State-operated colleges may be attributed to changes in income levels as the tuition charge remained stationary. At the graduate level the changes in average awards were slight. For 1981-82, the average undergraduate awards should increase as a result of the new award scales effective for first-time recipients.

* * * * *

The establishment of TAP in 1974 had the purposes of providing larger amounts of tuition assistance to all eligible students and, through a much higher maximum award than under the predecessor Scholar Incentive Program, facilitating choice as well as access.

During the period in which the Tuition Assistance Program has grown, the various Federal student aid programs also expanded as larger numbers of students have received aid, particularly through the basic grants (now Pell Grants) and GSLP programs. The enlargement of eligibility created by the Middle Income Student Assistance Act of 1978 and the Higher Education Amendments of 1980, has been restricted through Congressional action in 1981, as noted in Section IV. As a result of these changes, students in New York institutions will receive lesser amounts of Federal aid. TAP, particularly under the new award scale initiated in 1981-82, will become an even more important resource.

Table 6
Number of TAP Recipients by Sector and Level
1979-80 and 1980-81

	1979-80		1980-81[1]		
	Number	Percent of Total	Number	Percent of Total	Percent Change in Number from '79-'80
Undergraduate	300,625	100.0[2]	290,681	100.0	- 3.3
State University	104,244	34.7	102,752	35.3	- 1.4
State-operated	63,420	21.1	60,310	20.7	- 4.9
Community Colleges	40,824	13.6	42,442	14.6	+ 4.0
City University	87,305	29.0	77,717	26.7	-11.0
Senior Colleges	50,780	16.9	49,323	17.0	- 2.8
Community Colleges	36,525	12.1	28,394	9.7	-22.3
Independent Colleges	92,236	30.7	90,585	31.2	- 1.8
Other Schools[3]	17,840	5.9	19,627	6.8	+10.0
Graduate	17,863	100.0	16,254	100.0	- 9.9
State University	5,397	30.2	5,104	31.4	- 5.4
City University	1,572	8.8	1,341	8.2	- 1.5
Independent Colleges	10,894	61.0	10,079	62.0	- 7.5
TOTAL	318,488		307,205		- 3.5

[1] Estimated number of TAP recipients reported as annual average number of recipients in the Higher Education Services Corporation preliminary budget request for 1982-83.

[2] Detail may not add to total due to rounding.

[3] Includes hospital schools, degree-granting proprietary institutions, and registered non-degree business schools with curricula of two years duration.

Table 7

Utilization Rates for TAP Recipients by Level of Enrollment and Type of Institution[1]
1979-80 and 1980-81

	1979-80 Enrollment (Full-time)	TAP Recip. as % of Enrollment	1980-81 Enrollment (Full-time)	TAP Recip. as % of Enrollment	Percent change in Enrollment
Undergraduate	530,464	53.3	543,047	49.9	+ 2.4
State University	211,608	49.3	222,075	46.3	+ 4.9
State-operated	128,359	49.4	132,450	45.5	+ 3.2
Community Colleges	83,249	49.0	89,628	47.4	+ 7.7
City University	111,206	78.5	103,209	75.3	- 7.2
Senior Colleges	63,850	79.5	72,435	68.1	+13.4
Community Colleges	47,356	77.1	30,774	92.3	-35.0
Independent Colleges	207,650	44.4	217,763	41.6	+ 4.9
Graduate	66,628	26.8	68,249	23.8	+ 2.4
State University	14,946	37.6	15,400	33.1	+ 3.0
City University	4,658	33.7	4,522	29.7	- 2.9
Independent Colleges	47,024	23.2	48,327	20.9	+ 2.8

[1]Enrollments reported by the State Education Department for Fall 1979 and Fall 1980.

Table 8

Utilization Rates for TAP Recipients by Level of Enrollment, State Residence and Type of Institution 1979-80

	1979-80 Enrollment Full-Time	1979-80 Enrollment Full-Time State Residents	TAP Recip.	TAP Recip as % of Enrollment Full-Time State Residents
Undergraduate	530,464	469,841	282,785	60.2
State University	211,608	204,169	104,244	51.1
City University	111,206	108,503	87,305	80.5
Independent Colleges	207,650	157,169	92,236	58.7
Graduate	66,628	50,215	17,863	35.6
State University	14,946	11,386	5,397	47.4
City University	4 658	3,943	1,572	39.9
Independent Colleges	47,024	34,886	10,894	31.2

Table 9

TAP Payments by Sector
1979-80 and 1980-81

	1979-80		1980-81[1]	
	Amount (in millions)[2]	Percent of Total[2]	Amount (in millions)[2]	Percent of Total[2]
Undergraduate	$241.3	100.0	$247.2	100.0
State University	51.9	21.5	54.0	21.8
State-operated	32.9	13.6	34.0	13.8
Community Colleges	19.0	7.9	20.0	8.1
City University	55.9	23.2	49.9	20.2
Senior Colleges	31.0	12.8	31.2	12.6
Community Colleges	24.9	10.4	18.7	7.6
Independent Colleges	111.2	46.1	114.7	46.4
Other Schools[3]	22.4	9.3	28.6	11.6
Graduate	6.8	100.0	6.3	100.0
State University	2.0	29.4	1.9	30.2
City University	.6	8.8	.5	7.9
Independent Colleges	4.1	60.3	3.8	60.3
TOTAL	$248.1		$253.5	

[1] Estimated amounts reported in the Higher Education Services Corporation 1982-83 preliminary budget request.

[2] Detail may not add to total due to rounding.

[3] Includes hospital schools, degree-granting proprietary institutions, and registered non-degree business schools with curricula of two years duration.

Table 10

Average TAP Awards By Sector and Level of Study

	Average Amounts[1] 1979-80	1980-81	Percent Increase
Undergraduate	$ 803	$ 850	5.9
State University			
State-operated	518	564	8.9
Community Colleges	465	471	1.3
City University			
Senior Colleges	610	632	3.6
Community Colleges	684	660	-3.5
Independent Colleges	1,205	1,266	5.1
Other Schools[2]	1,256	1,457	16.7
Graduate	$ 382	$ 389	1.8
State University	379	378	--
City University	379	386	1.8
Independent Colleges	374	380	1.6

[1] Derived from Higher Education Services Corporation 1982-83 preliminary budget request.

[2] Includes hospital schools, degree-granting proprietary institutions, and registered business schools with two-year curricula.

Section

VI

The Relationship of State and Federal Student Aid Programs

The major State and Federal student aid programs in New York provided approximately $1.6 billion to students in 1980-81. Supplementing this assistance, of course, are funds from other governmental programs as well as institutional funds. This assistance, in all its various forms, has a considerable impact on student access and choice. Student assistance programs are a major element in the funding of postsecondary education. On the Federal level, considerable debate preceded the restrictions imposed by 1981 legislation. The changes have drawn national attention through prominent media coverage. This attention will likely continue as the impact of the 1981 legislation becomes clearer and also as the Reagan Administration seeks additional cuts in program expenditures.

The 1981 reductions have applied primarily to the GSL and Pell Grant Programs because they involve by far the highest level of expenditures. For 1981-82 the appropriations are $2.6 billion for each of the programs and together the appropriations constitute about 75 percent of the total Federal appropriations for postsecondary education programs. As noted in Section IV, the reductions for 1981-81 involve higher family contributions and a lower award scale for the Pell Grant Program and the establishment of a needs test for the GSLP. Further reductions in appropriations for the Pell Grant Program would require increasing expected family contributions towards costs. The number of eligible recipients would decrease as the family income ceiling, for eligibility purposes, would be lower. For the GSLP, however, further meaningful reductions would require more drastic efforts as most of the appropriation is committed to the subsidization of existing loans and, of course, the volume of loans has rapidly accelerated since the MISAA legislation of 1978. In effect, further restrictions on eligibility and subsidies for new loans offer the prime means of reducing GSLP expenditures.

In addition to possible further changes in the two largest programs, some attention is being directed towards the campus-based programs. The Secretary of Education has suggested, for example, consideration of the merger of assistance under the three programs (SEOG, NDSL and CWS programs) into consolidated grants to the institutions to then administer through their own packaging arrangements. Presumably the amounts of consolidated grants would be related to other aid programs, incuding Pell Grants and State grant programs, as is the case under the present allocation system for campus-based programs. Reductions in appropriations for the campus-based programs may also occur.

During this period of probable changes in programs and expenditures, a review of Federal student aid programs is scheduled to commence. The National Commission on Student Financial Assistance, a panel with membership appointed by Congress and the President, was authorized under 1980 legislation and received funds in 1981 to undertake an intensive review of various student aid issues and subjects. The Commission is to submit reports and recommendations in 1983. The Commission's assignment will become more complex if further program changes occur during its term.

The effects of changes enacted in student aid programs, and the possibility of further changes, will be felt during the balance of the 1980's when the postsecondary educational environment will also be affected by changes in enrollments and escalating attendance costs. This period will likely be characterized by intensified pressure on one hand to limit public expenditures for student aid programs while counter-efforts seek to hold or raise levels of assistance as institutions struggle with fixed cost items, inflation and declines in enrollments and tuition income.

Although State and Federal programs have obviously succeeded in promoting access and choice, they are characterized by a considerable lack of planned coordination and the use of different funding mechanisms, financial needs tests and application procedures. The conditions are largely the result of the fact that the major government aid programs were established at different times for different purposes without an underlying or unifying rationale. It is because of these conditions that it is difficult to perceive how the State and Federal programs mesh. The lack of coordination also creates a situation in which the State has not had important data on how the Federal programs contribute to access and choice, particularly with respect to family incomes, the relationships between grants, loans and part-time employment, the extent to which such aid meets total expenses and the amounts and kinds of assistance received by part-time students as well as full-time students. In order to understand the effectiveness of State award programs it is necessary to obtain and analyze data on the Federal and State programs and relate the Federal effort to that of the State.

The collection and analysis of data, a large task, has commenced. During 1981-82, the Higher Education Services Corporation will conduct a Student Survey Project to ascertain how students in the State are financing their education in 1981-82. A sampling of various kinds of students, including full and part-time, recipients and non-recipients and undergraduates and graduates will be used. The project will obtain information on kinds of assistance received, educational costs and other characteristics of students. Another data collection activity is being initiated in 1981-82 by the Education Department. Through a supplement in the annual data collection program of the Higher Education Data System (HEDS), postsecondary institutions in the State will furnish considerable amounts of information about institutional and Federal student aid programs (grants, loans and student employment), particularly amounts of aid and numbers and income characteristics of applicants and recipients. This data will be augmented by reports from the Higher Education Services Corporation on the various State programs.

Although these two data collection efforts are being conducted separately, analyses of the information should provide considerable information about educational financing patterns for a variety of students in different educational sectors and the roles of various programs in reducing educational costs. The analysis of information should lead to projections of alternative arrangements of programs and their costs in conjunction with probable changes in the postsecondary environment.

From these projections the State can better plan the direction of support of postsecondary education. More precisely, in consideration of fiscal and educational policy issues, the State's student aid policy should be reviewed with particular attention to the following objectives:

1. The need to establish goals for the State's student aid programs and methods for setting priorities of these goals so that the State's programs, in tandem with Federal programs, will promote maximum effectiveness of State funding.

2. The determination of how, and to what extent, existing Federal, State and institutional aid programs work together to meet student financial need and postsecondary costs.

3. The identification of alternative ways through which existing programs and available resources can best serve the needs of students and their families, the institutions and the State.

New York has the largest student financial programs in the nation and its students receive the largest amounts of assistance under Federal programs. In the present period of change and uncertainty, it is essential that the State maintain and improve its position through a review effort. This activity would provide the State with the means to develop a policy which would implement purposes of State programs with those of the Federal government and the institutions.